

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE KENTUCKY DEPARTMENT OF EDUCATION**

Southside Christian Day Care - 056-307-999-PC

**For The Federal Fiscal Year Ended
September 30, 2009**



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Independent Accountant's Report
On Agreed-Upon Procedures

We have performed the procedures below, which were agreed to by the Kentucky Department of Education's Division of Nutrition and Health Services (KDE), solely to assist KDE in evaluating the reasonableness of claims submitted for reimbursement under the Child and Adult Care Food Program (CACFP) for the federal fiscal year ended September 30, 2009, with respect to Southside Christian Day Care (Sponsor).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures associated with the engagement are as follows:

1. We confirmed the number of participants reported by Southside Christian Day Care on the monthly Reports and Claims for Reimbursements submitted during the engagement period for each classification (free, reduced, or paid) through a review of the daily attendance records, master rosters, income applications, and enrollment forms. Our procedures covered the months of October 2008 - March 2009.
2. We verified the number of meals served as reported on the monthly Reports and Claims for Reimbursements and determined whether the correct basic meal components were served through a review of the menus and Record of Meals Served forms. Our procedures covered the months of October 2008 - March 2009.



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3. We verified the allowability and validity of the program operating and administrative costs, as reported on the Reports and Claims for Reimbursements, by tracing to supporting documentation for the months of October 2008 - March 2009. We also determined that total operating and administrative costs claimed for each month reviewed exceeded the actual reimbursements received.
4. We verified the 25 percent low-income enrollment requirement for eligibility in the food program by comparing the audited number of participants reported in the free and reduced meal classification to the audited attendance counts for the months of October 2008 - March 2009.
5. We verified a sufficient amount of milk was purchased based on the number of meals in which milk was served for the months of October 2008 - March 2009.

Our findings are presented below and in the accompanying Schedule of Reimbursements.

Attendance and Classification

We found 20 errors in the classification of children in the free, reduced, and paid meal categories for the period reviewed. We found 112 children who were on the master roster, but not in attendance. We found 7 children who were in attendance but not on master roster. We found 15 children without enrollment forms on file but in attendance and on the master roster. We found 1 child who had no signature on enrollment form but in attendance and on the master roster.

For October, the following was found:

- 2 children from site #5 were reclassified from free to paid.
- 1 child from site #17 was reclassified from reduced to free.
- 3 children, 2 from site #7 and 1 from site #17, were reclassified from paid to free.
- 2 children classified as free from site #10 were in attendance but not on master roster. These children were added for October.
- 19 children, 2 classified as free, 1 classified as reduced, 1 classified as paid from site #1, 1 classified as free and 1 classified as paid from site #5, 3 classified as paid from site #6, 6 classified as free, 1 classified as reduced, 1 classified as paid from site #11, 2 classified as reduced from site #12, were on master roster but not in attendance. These children were removed for October.
- 7 children classified as free, 1 from site #6 and 6 from site #17, were disallowed due to missing enrollment forms.
- 1 child classified as paid from site #17 was disallowed due to enrollment form not signed by the parent.
- We noted errors in the reduced and paid totals from the master rosters compared to the sponsor's claimed totals resulting in a decrease of 1 reduced and an increase of 1 paid participant.

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For November, the following was found:

- 1 child from site #17 was reclassified from reduced to free.
- 1 child from Site #7 was reclassified from paid to free.
- 39 children, 3 classified as free, 1 classified as reduced and 1 classified as paid from site #1, 1 classified as free from site #3, 1 classified as free from site #5, 4 classified as free, 3 classified as paid from site #6, 4 classified as free from site #10, 5 classified as free, 1 classified as reduced, 1 classified as paid from site #11, 2 classified as free, 2 classified as reduced, 2 classified as paid from site #12, 3 classified as free from site #13 and 5 classified as free from Site #17, were on master roster but not in attendance. These children were removed for November.
- 3 children, 1 classified as free and 2 classified as paid from site #17 were disallowed due to enrollment forms dated after November.
- We noted errors in the free, reduced and paid totals from the master rosters compared to the sponsor's claimed totals resulting in a decrease of 1 free and 2 reduced and an increase of 2 paid participants.

For December, the following was found:

- 1 child from site #7 was reclassified from paid to free.
- 2 children, 1 from site #5 and 1 from site #17, were reclassified from reduced to free.
- 2 children from site #2, 1 classified as free and 1 classified as reduced were in attendance but not on master roster. These children were added for December.
- 38 children, 5 classified as free, 1 classified as reduced, 1 classified as paid from site #1, 1 classified as free from site #2, 3 classified as free, 2 classified as paid from site #3, 2 classified as free, 2 classified as paid from site #5, 1 classified as free, 2 classified as paid from site #6, 3 classified as free from site #7, 1 classified as free from site #10, 5 classified as free, 1 classified as reduced, 1 classified as paid from site #11, 2 classified as reduced, 1 classified as paid from site #12, 2 classified as free from site #13, 2 classified as free from site #17, were on the master roster but not in attendance.

For January, the following was found:

- 3 children, 2 from site #3 and 1 from site #7, were reclassified from paid to free.
- 1 child from site #4 reclassified from free to reduced.
- 1 child from site #10 was reclassified from free to paid.
- 2 children, 1 from site #5 and 1 from site #17, were reclassified from reduced to free.
- 5 children, 1 classified as free from site #10, and 4 (3 free, 1 paid) from site #12, were in attendance but not on the master roster. These children were added for January.

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For January, the following was found (continued):

- 49 children, 4 classified as free, 2 classified as reduced, 1 classified as paid from site #1, 2 classified as free from site #2, 1 classified as free, 2 classified as paid from site #3, 4 classified as free from site #5, 1 classified as free, 1 classified as reduced, 1 classified as paid from site #6, 9 classified as free, 1 classified as reduced from site #10, 11 classified as free, 1 classified as paid from site #11, 2 classified as reduced, 1 classified as paid from site #12, 1 classified as free, 1 classified as reduced from site #13, 3 classified as free from site #17, were on Master roster but not in Attendance. These children were removed for January.
- 3 children classified as free from site #10 were disallowed due to missing enrollment forms.
- 1 child classified as free from site #17 was disallowed due to enrollment form dated after January.

For February, the following was found:

- 2 children, 1 from site #3, 1 from site #10, were reclassified from free to paid.
- 2 children, 1 child from site #5 and 1 from site #17, were reclassified from reduced to free.
- 3 children, 2 from site #3 and 1 from site #7, were reclassified from paid to free.
- 1 child classified as free from site #17 was in attendance but not on the master roster. This child was added for February.
- 48 children, 2 classified as free, 1 classified as reduced, 1 classified as paid from site #1, 2 classified as free, 2 classified as paid from site #2, 1 classified as paid from site #3, 1 classified as free from site #5, 5 classified as free, 1 classified as reduced, 2 classified as paid from site #6, 4 classified as free from site #10, 12 classified as free, 1 classified as paid from site #11, 1 classified as free, 3 classified as reduced, 1 classified as paid from site #12, 3 classified as free, 1 classified as reduced, 1 classified as paid from site #13, 3 classified as free from site #17, are on master roster but not in Attendance. These children were removed for February.
- 1 child classified as free from site #17 was disallowed due to missing enrollment form.

For March, the following was found:

- 2 children, 1 from site #10 and 1 child from site #12 were reclassified from free to paid.
- 8 children, 1 from site #5, 6 from site #12, 1 from site #17, were reclassified from reduced to free.
- 1 child from Site #7 was reclassified from paid to free.
- 2 children classified as free from site 17 were in attendance but not on the master roster. These children were added for March.

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For March, the following was found (continued):

- 31 children, 3 classified as free, 1 classified as reduced, 1 classified as paid from site #1, 6 classified as free, 1 classified as paid from site #2, 2 classified as free from site #5, 2 classified as free, 1 classified as reduced, 2 classified as paid from site #6, 3 classified as free from site #10, 2 classified as free, 1 classified as paid from site #11, 1 classified as free, 2 classified as reduced, 1 classified as paid from site #12, 1 classified as free from site #13, 1 classified as free from site #17, were on the master roster but not in attendance. These children were removed for March.

We adjusted the categories in the table below to reflect the correction of the attendance and classification errors for each month.

Fiscal Year 2009

	Free		Reduced		Paid	
	Claimed	Audited	Claimed	Audited	Claimed	Audited
October	679	667	65	59	139	132
November	688	660	65	58	138	130
December	674	653	60	55	137	127
January	681	648	66	58	133	126
February	662	632	69	61	134	124
March	682	670	79	67	133	128

Meal Counts and Components

We disallowed the following:

- 375 meals due to enrollment form errors.
- 1076 meals due to menu and production record errors.

We noted errors in the 17-9 forms for each site compared to the claim resulting in an increase of 2 meals not claimed for reimbursement.

We adjusted the meal counts in the table below to reflect the correction of these errors.

Fiscal Year 2009

	Breakfast		Lunch		Snack	
	Claimed	Audited	Claimed	Audited	Claimed	Audited
October	11,452	11,165	10,767	10,677	14,663	14,277
November	9,086	9,025	8,692	8,642	11,588	11,225
December	9,464	9,454	9,579	9,578	12,420	12,384
January	7,687	7,659	7,408	7,389	10,241	10,225
February	9,408	9,399	9,045	9,005	12,740	12,732
March	10,742	10,734	10,442	10,437	14,437	14,405

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Allowable Operation And Administrative Costs

Operating and administrative costs reported by the Sponsor were found to be adequately supported by documentation for the months reviewed with only minor exceptions. The exceptions did not affect the Sponsor's ability to show operating costs in excess of reimbursements received for the months of October 2008 – March 2009. For all months reviewed, the Sponsor spent more than 50 percent of the received reimbursement on food. The Sponsor spent more than 50 percent of the received reimbursement on food for the whole year.

Low Income Requirement

The Sponsor's sites met the 25 percent low-income requirements for all months and based on those findings was considered eligible for participation in the CACFP Program for the engagement year.

Milk Purchased

The amount of milk purchased by the Sponsor for all sites (1-8, 10-12, 13 and 17) for October 2008 through March 2009 was adequate to serve the number of meals reported on the record of meals served.

The results of our findings are presented in the accompanying Schedule of Reimbursements. The "Reimbursements Received" column lists the amounts the Sponsor actually received from KDE under the CACFP Program for the related months. The "Reimbursements per Review" lists the amounts the Sponsor was entitled to receive each month based on the auditor's review of attendance, meal counts and components, operating and administrative costs, and low-income requirements as described in the procedures above.

Because the above procedures do not constitute audits conducted in accordance with generally accepted auditing standards, we do not express an opinion on the Schedule of Reimbursements. This report relates only to the test areas specified above and does not extend to any financial statements of Southside Christian Day Care taken as a whole.

We were not engaged to, and did not, conduct an audit, the objectives of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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This report is intended solely for the information and use of the Kentucky Department of Education and the CACFP Sponsor and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crt Luallen", written over a horizontal line.

Crt Luallen
Auditor of Public Accounts

August 20, 2010

Terry Holliday, Commissioner
Kentucky Department of Education

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**Southside Christian Day Care
Schedule of Reimbursements
Child and Adult Care Food Program
For The Period October 1, 2008 through September 30, 2009**

Month	Reimbursements per Review		Reimbursements Received	Amount Due To/(From) Sponsor
October	\$47,316.00		\$47,868.00	(\$552.00)
November	\$38,112.00		\$38,413.00	(\$301.00)
December	\$41,624.00		\$41,411.00	\$213.00
January	\$32,862.00		\$32,988.00	(\$126.00)
February	\$40,308.00		\$40,235.00	\$73.00
March	\$46,462.00		\$46,326.00	\$136.00
April	\$48,174.00	*	\$48,174.00	\$0.00
May	\$43,705.00	*	\$43,705.00	\$0.00
June	\$51,441.00	*	\$51,441.00	\$0.00
July	\$54,642.00	*	\$54,642.00	\$0.00
August	\$44,838.00	*	\$44,838.00	\$0.00
September	\$42,039.00	*	\$42,039.00	\$0.00
Totals	\$531,523.00		\$532,080.00	(\$557.00)

*Numbers not Reviewed

